



# South Coast Air Quality Management District

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Ms. Liza Cortero  
California Environmental Protection Agency  
Climate Action Team  
1001 I Street  
PO Box 2815  
Sacramento CA 95812-2815

## VIA FACSIMILE

Re: Comments on the California Environmental Protection Agency (Cal EPA) Climate Action Team (CAT) Report to the Governor and Legislature

Dear Ms. Cortero:

The staff of the South Coast Air Quality Management District (SCAQMD) appreciates the opportunity to provide comments on the California Environmental Protection Agency (Cal EPA) Climate Action Team (CAT) Report to the Governor and Legislature. The SCAQMD is the regional air quality agency responsible for Orange and the populated portions of Los Angeles, San Bernardino, and Riverside Counties. We have the regulatory responsibility for more than 100,000 businesses, of which about 30,000 have district permits. While our primary responsibility is reducing criteria and toxic emissions from stationary sources, our agency is also responsible for the consolidated air quality management plans for the region. We have over 750 employees, including over 140 engineers and 120 inspectors that issue permits, conduct inspections, audit emission reports, handle complaints, and identify violations.

The SCAQMD staff supports the Governor's targets to reduce green house gases. This will prevent serious detrimental impacts and will also help reducing local ozone levels. The SCAQMD staff encourages the agencies selecting and implementing the strategies to avoid causing any increase in toxic emissions. We also support the main recommendations in the report regarding mandatory reporting and that all sectors should contribute to green house gas reductions.

The remainder of this letter provides the SCAQMD staff's recommendations for implementing the mandatory reporting requirement by local air districts, input on a cap and trade program, and some points to consider for the economic analysis.

#### Local Air Districts are Well Suited to Handle Emission Reports from Facilities

Local air districts have many decades of experience in emission inventory collection and auditing. The SCAQMD, for example, has approximately 3,000 facilities reporting criteria and toxic emissions annually. This represents over ninety percent of the emissions from all of the stationary sources that we regulate. Emissions are reported from combustion equipment, solvent and coating usage, and fugitive emissions. We currently collect information on fuel usage from combustion equipment that can be used to calculate carbon dioxide and methane emissions. Our computer systems, instructions and forms could be modified relatively easily to collect green house gas emissions from combustion equipment, and if desired, from electricity use and fleet information, as well.

It would be more cost effective for facilities to send additional information to the SCAQMD than it would be to send in a separate report to another entity. The SCAQMD has an extensive infrastructure with permitting, rules, and robust monitoring, recordkeeping and reporting requirements that provide a foundation for reviewing and auditing the emission reports. Our electronic system automatically flags certain events, such as large increases or decreases from previous years, emissions in excess of rule limits, and emission factors or emission values outside of expected ranges. We have inspectors and engineers that can visit the facilities and verify emission reports. We also have a system for issuing violation notices and collecting fines for non-reporting or underreporting. We do not require third party emission certification, which is a large cost for many of the businesses that currently report voluntarily to the Climate Action Registry.

#### Cap and Trade Program

The SCAQMD has the Regional Clean Air Incentives Program for nitrogen dioxide and sulfur dioxide. These multi-industry cap and trade programs include an annual cap and declining balances. There is an active trading program and excellent compliance with facilities monitoring their emissions and reconciling emissions with their emission credits. These programs have been in place for over a decade and our agency has learned a lot about how to design and administer an effective program. There are currently approximately 325 facilities in the nitrogen dioxide program and 35 facilities in the sulfur dioxide program.

The foundation for any type of a trading program is the inventory and emissions accounting. Additional monitoring may be required to enhance the quality of the data reported for a cap and trade program. SCAQMD staff can assist in the design of a cap and trade program for green house gases.

#### Economic Analysis

It is encouraging that the preliminary analysis shows overall positive impacts for the California economy. We agree with the remarks in the report that additional work is needed

to quantify both the economic impacts and benefits. Cost effectiveness needs to be developed for each potential strategy to prioritize the strategies. The input assumptions should be shared to enable a better understanding of the analysis and foster more productive comments. Additional public meetings should be held to solicit input on the assumptions, the methodology, and the economic impacts and benefits of the strategies as they are developed. The existing analysis of measures could be augmented by extrapolating the costs of measures that have been quantified to those that have not. Implementation costs should also be included. For example, there are large costs associated with development and implementation of a cap and trade program. Third party certification costs, if part of the program, should also be quantified and included in the overall analysis.

Conclusion

The SCAQMD staff supports the Governor's initiatives and the target for green house gas reductions. We believe that local air districts can accommodate the mandatory reporting requirement with lower costs for implementation and also for the businesses required to report. We offer our assistance by sharing our experiences with a multi-industry cap and trade program, and would like to provide input on the more extensive economic analysis that will be conducted in the future. Thank you for the opportunity to comment. Please feel free to call Jill Whynot, Planning and Rules Manager at 909 396-3104 if you have any questions or would like any information on the programs at the SCAQMD.

Sincerely,



Barry R. Wallerstein, D.Env  
Executive Officer

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